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ADMINISTRATIVE REORGANIZATION IN MINNESOTA¹

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The governor of Minnesota, Hon. A. O. Eberhart, in his message to the state legislature in 1911, made an exhaustive statement concerning the defective and expensive administrative system of the state, pointing out the lack of adequate centralization, responsibility and coöperation, suggesting a definite plan of reorganization, and making an earnest plea for legislative action; but his plea fell upon deaf ears. Again in 1913 he reargued the case but restricted his suggestions to the reorganization and systematization of only two departments: (1) the department of public domain and (2) the department of agriculture. These departments were not reorganized; instead the House of Representatives appointed a committee on public accounts. This committee made a partial study of the situation and filed a report. Nothing further was done except to introduce more than half a hundred bills dealing with state economy and efficiency, one of which passed, an act providing for an educational commission for investigation purposes.

Perhaps one reason the legislature did not undertake a thoroughgoing reorganization of the administrative machinery of the state government is because the members wanted a scientific, impartial investigation of the whole subject made so that action might be taken only after full knowledge. However, the legislature did not provide for a general committee to study the whole situation but went at it piecemeal by providing for a commission to study a single problem. This method of dealing with the question induced the governor after nearly a year's delay, to

¹ A paper read at the eleventh annual meeting of the American Political Science Association.

take the matter in hand. In October, 1913, on his own responsibility he appointed a commission of 30 public spirited citizens of the state to study the situation and report to him their findings and suggestions for reorganization.

The commission was known as the Efficiency and Economy Commission and consisted of the president of the State Federation of Labor, six bankers, two capitalists, one real estate man, one hotel proprietor, one laundry proprietor, eight lawyers, one political writer, two editors, one clerk of the district court, one member of the State Board of Health, the private secretary to the governor, one member of the Educational Commission, two university professors, one the president of the American Economic Association. The consulting statistician was a university professor and former director of the United States census. Eight of the members have had experience in the state legislature. All sections of the state and all phases of political affiliation were represented. In personnel, ability, training and experience, the commission deserves to rank with a constitutional convention. The members served without pay, bore their own travelling expenses and raised money by private subscription to employ a full-time secretary.

The commission was divided into appropriate committees which held numerous meetings and collected a mass of information. It made two reports, one a preliminary report in May and a final report in November, 1914.² Both were adopted unanimously. The preliminary report stated reasons for the reorganization of the state government and the final report proposed a bill in complete form for reorganizing the civil administration of the state. The preliminary report was discussed in the last campaign by candidates for the legislature, by the gubernatorial candidates of the leading political parties and by the newspapers and citizens. The retiring governor will have the satisfaction of reporting the findings of the commission to the incoming legislature which meets in January, 1915. The governor-elect, Hon. W. S. Hammond, has already had an

² These printed reports may be secured by addressing Mr. John S. Pardee, secretary, Room 239, State Capitol, St. Paul, Minn.

informal conference with the commission and has pledged himself to reinforce his preelection promises by strongly commending the reports in his first message to the legislature. Altogether the situation seems auspicious for the adoption of the plan recommended by the commission.

The commission finds that the total expenditure of the state in 1900 amounted to something less than \$6,000,000; in 1910, \$11,000,000; and in 1912 a little less than \$15,000,000. This increase is due in part to an extension of state functions, but much is due to the lack of proper organization, coördination and financial methods. The commission did not inquire into the honesty or efficiency of individual officers and employees. It did not look for "graft" but for defects in the system. It finds the administration to be incoherent, with little fixed responsibility to either the governor, the legislature or the people. Lack of coördination is shown by a letter which the state fire marshal recently received which reads as follows:

"Dear Sir: The hotel inspector has ordered me to put in a new floor. One of your deputies has instructed me to tear down the building. Which shall I do first?"

The 75 different administrative units including semi-official associations which the commission designates as a "fringe of government" have a wide diversity of structure, being organized under five different forms: (1) the single individual; (2) paid boards; (3) unpaid boards with a paid secretary; (4) *ex-officio* boards of executive officers whose time is already fully occupied, the governor belonging to 16 such boards; finally (5) semi-private associations. This statement shows a preponderance of the board system. Discussing the board system, the commission says: "Students in political science are all agreed that executive work should be done by individuals and not by boards. The average citizen has come to the same conclusion. The board system tends to delay and inefficiency. It dissipates responsibility. No one knows exactly who is to blame if work is badly done. Boards are necessary for legislative and judicial work; they are useful to give advice; they are not suited to administrative tasks. Moreover, under the

board system the governor has little control over the administration. The board members usually have overlapping terms. Each governor appoints only a minority. Each board is a government by itself."

The commission reported a plan of reorganization that can be accomplished at once by the legislature without going through the tedious process of amending the constitution. It includes three main features: (1) reorganization of the executive service; (2) the merit system in the civil service; and (3) the budget system of appropriating money. These will now be presented analytically in the main and not critically.

I. ORGANIZATION

1. The Civil Administration

The civil administration is vested in the governor, lieutenant-governor, attorney general, treasurer, auditor, secretary of state, board of taxation, board of civil service, board of investment, department of public domain, department of public welfare, department of education, department of labor and commerce and department of agriculture. This includes every part of the civil administration.

2. General Financial Officers and Boards

The general and financial officers and boards besides the constitutional officers include: (1) public examiner, now an independent officer who is placed under the authority of the auditor; (2) board of civil service to consist of three members, not more than two of whom shall be of the same political party; (3) commissioner of civil service under the board of civil service; (4) board of investment which is required by the constitution to consist of the governor, auditor and treasurer; (5) a board of taxation to consist of five members. The big board of investment is abolished.

3. Department of Public Domain

The department of public domain consists of a director and under him the following boards, each under a commissioner: (1) lands and mines, now under the auditor; (2) forestry, which displaces the forestry board, forester, auditor and timber board; (3) game and fish, which displaces the game and fish commission and its executive secretary; (4) highways, which displaces the highway commission and state engineer; (5) drainage and water, which displaces the drainage commission and chief engineer; (6) buildings and purchases, buildings now under board of control and printing now under state printing commission. There is associated with the department a board of public domain, to consist of five members.

4. Department of Public Welfare

The department of public welfare consists of a director and two assistants to take the place of the chairman and the other two members of the present board of control. Under the director are the following institutions, each with a chief executive officer with such title as may be prescribed by law or by the director: (1) bureau of health; now an independent board; (2) state prison; (3) reformatory; (4) training school for boys; (5) home school for girls; (6) hospitals and asylums for the insane; (7) school for feeble minded and colony for epileptics; (8) hospital for indigent, crippled and deformed children; (9) hospital farm for inebriates; (10) sanatorium for consumptives; (11) state public school.

There is associated with the department of public welfare a board of nine members, three of whom are to be designated by the governor as a committee on public health. This general board takes the place of the board of health, the board of visitors and two other minor boards. There is a board of sanatoriums with its own inspector; also a board of parole, consisting of the chief officer of the state prison, the chief officer of the reformatory, one of the assistant directors of the depart-

ment of public welfare and another citizen. There is a soldiers' home under a board of seven members associated with the department for budget purposes only.

5. Department of Education

The department of education is placed under a different form from those branches conducting general business or exercising police powers. There are two boards: (1) a board of education consisting of nine members, which displaces the department of public instruction, the normal school board, the high school board and the library commission. Under the board of education is a superintendent of education as its executive officer. The educational system of the state other than the state university is placed under the charge of the board of education, each institution having a chief executive officer with a title prescribed by law or by the board of education. These institutions are: (1) the state normal schools; (2) the school for the deaf; (3) the school for the blind. (2) The other board in the department of education is the board of regents of the university, to consist of 9 members, reduced from 12 by dropping the three *ex-officio* members, namely, the governor, the superintendent of education and the president of the university. Under the board of regents are a president and a comptroller.

The board of education and the board of regents, acting jointly, constitute an educational council which is to act in a coördinating capacity, especially on budgetary matters connected with education. Affiliated with the department of education for budgetary purposes are the state historical society and the state art society.

6. Department of Labor and Commerce

The department of labor and commerce is under a director. Under the director are the following bureaus, each under a commissioner: (1) labor; (2) banks; (3) insurance; under the commissioner is a fire marshal, now independent; (4) standards, whose powers are at present exercised (in part), by the food and

dairy commissioner, commissioner of weights and measures, surveyors general and chief oil inspector; (5) grain inspection, under a chief grain inspector and not a commissioner.

Associated with the department of labor and commerce is a board of railroads and warehouses, consisting of three members, which is constituted *ex-officio* the board of commerce. Under the board of railroads and warehouses are two boards of grain appeals, one for Minneapolis and the other for Duluth, each consisting of three members, who are now appointed by the governor. Associated with the bureau of labor is a board of labor consisting of five members which displaces the arbitration and minimum wage boards.

7. Department of Agriculture

The department of agriculture is placed under a director and under him are the following bureaus, each under a commissioner: (1) dairies which displaces the dairy and food commissioner; (2) animal industry, which displaces live stock sanitary board and its chief veterinarian, and stallion registry board; (3) exhibits, which with respect to the state fair displaces the state agricultural society and its secretary; (4) immigration, which displaces the board of immigration and its commissioner; (5) division of plant industry under a chief inspector of plants and not a commissioner, which displaces the state entomologist and state apiarist.

Associated with the department of agriculture is a board of agriculture consisting of six members.

The principles underlying the commission's plan of organization are successfully operating in the administration of the central government of the United States, in many cities and in most great business corporations. At the center of the administration stands the governor. The directors of the different departments constitute a kind of governor's cabinet, being directly responsible to him and indirectly, through him, to the people. This makes for unity in the administration. The directors of the departments introduce the lay element. They

are expected to enjoy the confidence of the governor and they may be transitory, changing every two years. They with the aid of the unpaid boards are policy makers and may be experts but are not required to be such. The commissioners or bureau chiefs, on the other hand, are the permanent element and must be trained experts.

The existing bureaus or divisions in the state administration with their present incumbents so far as needed, are merged into the appropriate departments and will be headed by single individuals and not by executive boards. However, the board principle is retained for certain purposes. The department of education is placed under two executive boards. Each of the four great departments with a director has a board for advisory, sub-legislative and quasi-judicial functions. The directors may call on these boards for advice but the boards have access to all the offices in their respective departments and if they investigate and discover abuses, they recommend methods which tend to keep the work out of ruts and to promote business methods in close touch with the interests of the people. These boards introduce another popular element whose object is to secure coöperation; but they cannot interfere with executive action except as already noted.

II. SELECTION OF OFFICERS AND EMPLOYEES

The following officers in the civil administration will be elected by the voters: governor, lieutenant governor, secretary of state, attorney general, auditor, treasurer and members of the board of railroads and warehouses. Each officer serves two years except the auditor, who serves four years and the members of the board of railroads and warehouses, who serve six years, one member being elected biennially. This follows existing constitutional and statutory law.

The following officers will be appointed by the governor with the consent of the senate: the respective directors of the departments of public domain, public welfare, labor and commerce, and agriculture; the respective members of the boards

of civil service, taxation, public domain, public welfare, sanatoriums, soldiers' home, education, regents of the university, labor, agriculture and one member of the board of parole.

The term of each officer except members of boards is two years. Members of boards serve six years, one-third being appointed biennially after first appointment when the governor divides each board into three classes. The governor may remove directors of departments at his discretion but he can remove members of boards only for misconduct or neglect of duty, first giving the member notice of the charges against him and allowing ten days to elapse before making a final decision and giving him an opportunity to be heard. When the removal is made the governor must furnish the member a statement of the reasons therefor and file a copy with the secretary of state.

The other officers and employees come under the merit system. The appointing officers are, in addition to the governor, the four directors of departments, the elected officers, and the two governing boards in the department of education. The other boards have the appointing power over their immediate staff only, such as the board of taxation, civil service and railroads and warehouses. The appointing power must in each case choose from candidates certified to him by the board of civil service and can make changes only on the recommendation of the chief officers under him. This secures unity and prevents appointing officers from overriding a bureau commissioner directly in charge of the work. The term of appointment is indefinite. The qualifications for teachers and research men are determined by the board of regents of the university or the board of education.

Emphasis is placed on the practical character of the examinations. There are three kinds of examinations: (1) open competitive examinations for all routine positions; (2) limited competitive examinations open only to persons, not less than three, to be designated as candidates by the appointing officer; (3) non-competitive examinations, open only to one person designated by the appointing officer. The civil service board may adopt reasonable rules but shall not entertain an application from a person who is not a citizen of the state, unless, (1) it is

reasonably certain that no candidate possessing the required qualifications can be found otherwise, or (2) unless the position requires expert knowledge or high technical qualifications. The board may if it deems it necessary, permit temporary appointments not to exceed four months without examination, but all such appointments and the reasons therefor must be reported to the legislature. Promotions, transfers, removals, reinstatements and demotions are marked out in broad outline with considerable discretion left to the appointing officer and those immediately in charge of the work. But everything must be done publicly and a statement of reasons filed with the civil service board. Even the rules of the civil service board must be reported to the legislature for its approval.

The plan includes the usual provisions relating to penalties for interference with the operation of the merit system.

Under the present law, the governor appoints 207 officers and members of boards besides a multitude of persons such as boiler and oil inspectors and assistants in various departments. Twenty-one of these appointees are heads of departments with salaries, but instead of naming 186 members of unpaid boards as at present, the governor under the new plan will name only 59 members of boards.

The abuses that might result from the great centralization of power in the hands of the governor and his four political directors of departments are prevented by the merit system in the civil service. The examination for the somewhat permanent expert subordinates does not emphasize mere academic qualifications of the candidates but stresses personality, practicality and adaptability which will make for efficiency and economy with a minimum of politics and a maximum of service.

III. THE BUDGET SYSTEM

The budget system, so universally neglected in our States, receives careful attention at the hands of the commission. It calls our present practice nothing but madness and recommends a new law which will do for the finances of the state what the merit system will do for the civil service.

The commission recommends that state expenditures with few exceptions should be made by biennial appropriations of the legislature; continuing appropriations in general are condemned. Perhaps the only exceptions which should be made to the rule of biennial appropriations are: (1) the revenue of the various state land funds assigned for educational purposes; (2) the revenue of trust funds and federal grants; (3) proceeds of "mill taxes;" and (4) the prison revolving fund. The practice of using fees or other revenues connected with the public service to cover expenditure of such service is utterly abolished. All fees must be covered into the treasury and salaries paid from moneys duly appropriated by law.

The commission carefully defines "estimate" and "budget" and prescribes the various stages in the preparation of the budget as follows: (1) each bureau, institution or branch of the service at an early date will submit to the director of the department a detailed estimate of the necessary expenditures for the ensuing biennium, together with information and explanation for each item; (2) the directors or other executive heads of departments make a careful study and revision of estimates; (3) the governor in conference with the chief executive heads makes a final study and revision of the estimates, together with a full statement of all sources of revenue and has the budget printed and laid before the legislature on the first day of its session.

The estimates should contain several parallel columns with the following information: (1) name of item, citation of statutes authorizing the service or fixing particular items such as salaries, etc., appropriations for each year of the current biennium, actual expenditures during the preceding fiscal year, that is, the current year of the biennium, estimates for each year of the coming biennium, explanations of increases, estimated revenue to be obtained in connection with the service; (2) the following expenditures should be carefully distinguished: salaries, permanent improvements and all other expenses.

The commission suggests a reorganization of the legislative committees to conform to the new budget legislation and deli-

cately suggests that the business of the legislature is to limit and not to increase expenditures asked for by the executive and says: "The budget system proposed by the commission thus provides for a thorough study of the needs of the state as a whole and of each branch of the state service by the executive and by the legislature through committees organized systematically for that purpose. It provides the fullest possible information for the legislature as the basis for appropriations. It gives to the legislature absolute control over the broad purposes of expenditure; and while it leaves reasonable flexibility in the details, it makes the executive responsible to the legislature for the proper exercise of discretion with respect to these details. It makes the state's business a single unit."

The commission states:

"These three features are all bound to one another. The full advantage can be gained only from all three together. The reorganization of the executive service will bring about a much better budget system, and will enforce economy on the reorganized administration. The merit system will prevent any possible abuse of centralized power."

IV. EDUCATION COMMISSION

Legislative provision for an educational commission to investigate education in Minnesota has already been mentioned. The law creating the commission recites as its object a study of economy and efficiency with respect to the several branches of public education in the state.

A commission of seven was appointed. It consisted of business men and educators. A professor in the college of education of the state university devoted all his time for a year conducting investigations under the direction of the commission.

1. Organization and Administration of the State School System

A member of the educational commission was also a member of the efficiency and economy commission. The two commissions unite in recommending a form of state administration

which has already been sketched as follows: A department of education with two executive boards, (1) a board of education with a superintendent of education as its executive officer and (2) a board of regents for the state university with a president as its executive officer.

For local school administration the commission recommends: (1) that there be special school districts under their present charters in the large cities, namely, Minneapolis, St. Paul and Duluth; (2) that the territory of each of the smaller cities and villages be organized as independent districts with their own boards which are to be elected by the people and which in turn elect city superintendents; (3) that all the territory in each county outside independent districts be organized as one district under a board of education to consist of three persons elected by the voters of such rural districts. This board is to have full power to conduct the schools and elect a superintendent of education for each county. The commission argues that the plan will put all school districts on an equal basis. The independent districts will elect boards for territory where the population is concentrated, while the common school districts will elect boards in territory where the population is more scattered. The benefits will be more equally shared by all because it would bring the graded and high schools to the rural districts. Under this plan more than 7000 ineffective rural school district boards will be abolished and the rural school problems be handled by county boards in the 85 counties of the state.

2. State Aid to Schools

The income that results from trust funds must by the constitution be apportioned on a *per capita* basis according to number of pupils. The legislature has heretofore limited the appropriation to as many pupils as have attended school at least 40 days in schools that have been maintained for five months during the year. The commission recommends that the minimum should be raised to 100 days in a school kept open seven months in the year.

The school funds derived from taxation are at the disposal of the legislature. The commission recommends that these funds be distributed in such manner to the local schools as will stimulate better support of the schools as shown by local taxation, better maintenance of these schools as shown by teachers' salaries, and better work in these schools as shown by average attendance. This is worked out in a comprehensive and statesmanlike manner for rural schools, graded schools, high schools, industrial and commercial subjects, teachers' training and consolidated schools, especially for transportation of pupils to the latter.

The reports of these two commissions, one on general economy and efficiency in the state and the other on economy and efficiency in education mark an epoch in the administration of Minnesota government. The investigations have been carefully made. Reasons for each proposed step have been set forth in the reports³ at considerable length and proposed legislation is submitted for the consideration of the next legislature.

³ The report of the education commission may be secured by addressing Hon. C. G. Schulz, state superintendent of education, State Capitol, St. Paul, Minn.